GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:1642
ANSWERED ON:10.12.2008
POVERTY DEFINITION
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Will the Minister of PLANNING be pleased to state:

(a) the definition of poverty currently used to measure poverty for implementing various programmes in the Eleventh Plan;

(b) whether a large number of people above poverty line have been reverted back to poverty as a result of prevailing inflation;

(c) if so, the details thereof;

(d) whether there is any proposal to revise the definition/criteria of poverty presently being used;

(e) if so, the details thereof ; and

(f) the effective measures taken by the Government to reduce poverty in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS(SHRI V. NARAYANASAMY)

(a) : The definition of poverty currently used by the Planning Commission to measure poverty is based on the recommendations made by the Expert Group on Estimation of Proportion and Number of Poor in 1993 (Lakdawala Committee). Following this, the Planning Commission uses a poverty line based on per capita consumption expenditure needed to attain a minimum amount of calorie intake out of food consumption along with a minimum amount of non-food expenditure in order to meet the requirements of clothing,shelter,transport, etc.,to estimate the percentage and number of persons living below the poverty line at the national and state level. The per capita consumption norm has been fixed at Rs.49.09 per month in the rural areas and Rs.56.64 per month in the urban areas at 1973-74 prices at national level corresponding to a basket of goods and services anchored on a norm of per capita daily calorie requirement of 2400 kcal in the rural areas and 2100 kcal in the urban areas. The state-specific poverty lines are derived from the national level poverty lines, using state-specific price indices and inter-state price differentials.

(b) & (c) : The poverty lines are periodically updated for price inflation. The state-specific poverty lines of 1973-74 are updated for the later years using state-specific Consumer Price Index of Agricultural Labourers (CPIAL) in the rural areas and Consumer Price Index of Industrial Workers(CPIIW) in the urban areas.Using the price updated poverty lines, the Planning Commission estimates poverty from the large sample survey on household consumer expenditure obtained from the National Sample Survey Organization(NSSO)at an interval of approximately five years following the methodology contained in the report of the Expert Group on Estimation of Proportion and Number of Poor.

The two latest comparable estimates of poverty are available for the years 1993-94 and 2004-05, estimated from the large sample survey data on household consumer expenditure of the 50th Round (July 1993-June 1994) and 61st Round (July 2004-June 2005) of the NSSO respectively.According to this,the number of people living below the poverty line for the country as a whole is estimated to decline from 320.4 million (36% of the total population) in 1993-94 to 301.7 million (27.5% of the total population) in 2004-05. On the other hand, the number of people living above the poverty line increased from 570.3 million (64% of the total population) in 1993-94 to 795.4 million (72.5% of the total population) in 2004-05.

(d) & (e) : The definition/criteria of poverty being applied by the Planning Commission is based on the recommendations of the Expert Group on Estimation of Proportion and Number of Poor under the Chairmanship of Dr. D.T. Lakdawala with eminent persons in the area of poverty estimation as members. The method is internationally recognized and known for its universal acceptability.There is no proposal to revise the definition/criteria of poverty at present. However, the Planning Commission in December 2005 constituted an Expert Group to review the methodology for estimation of poverty under the Chairmanship of Prof. Suresh D. Tendulkar.

(f) : The Eleventh Five Year Plan has set the growth target for the economy at 9% per year for the plan period (2007-12) and aims at putting the economy on a sustainable growth trajectory with a growth of approximately 10% by the end of its period. The Eleventh Plan has also set monitorable targets in several areas reflecting the inclusiveness of this growth.It has included reduction in poverty by 10 percentage points during the Eleventh Plan period among the selected monitorable socio-economic targets. In addition to the benefits of increase in income arising from the general growth process, the Government is implementing a number of poverty alleviation programmes, to increase the income of the poor. The major schemes and programmes in this regard are: National Rural Employment Guarantee Act (NREGA), which provides a legal guarantee of at least 100 days of wage employment in a financial year to every rural

household, poor and non-poor ,whose adult members volunteer to do unskilled manual work. Swaranjayanti Gram Swarozgar Yojana (SGSY) is the largest self-employment programme for the rural poor. Indira Awaas Yojana (IAY) provides assistance for construction of dwelling units and upgradation of existing unserviceable kutcha houses for the rural families living below the poverty line. The Targeted Public Distribution System (TPDS) provides food grains at reduced prices to the poor. The Antyodaya Anna Yojana (AAY) provides food grains to the poorest of the poor families at a highly subsidized rate.